

## **A Study on Strategies for Reestablishing Human Resource Policy System**

Hyung Man Kim, Wonsup Chang, Seung Rok Hwang

The purpose of this study is to reset the basic law and the operating system for HR (human resources) policy in Korea. To fulfill this purpose, we reviewed the actual condition and the performance of the NHRD policy that was pursued by Ministry of Education and Human Resource Development from 2000 to 2007. At the same time, we examined new agendas of the human resources policy in relation to the social change in the future. And, based on past experience and new agendas, we extracted key elements to reestablish the new system of human resource policy on the ground of experts' opinions. The main contents of this report are composed of four chapters: the experience and performance of HR policy, current status and future of human resource policy, experts' opinions on HR policy, and strategies of resetting human resources policy system.

<The experience and performance of HR policy: Korea's NHRD policy before 2008>

In 2000, the president Kim Dae-Jung appointed the Ministry of Education as the lead agency responsible for NHRD and promoted the education minister to deputy prime minister in order to facilitate NHRD policies among relevant ministries. As the chair of the NHRD Committee, the Deputy Prime Minister for Education and Human Resources was responsible for overseeing the implementation of the policy. Since the first release of NHRD basic plan in 2002, some 100 related action programs have been executed annually. An organizational infrastructure was erected to implement NHRD policies effectively. This infrastructure included the NHRD Basic Plan, the NHRD Basic Law, the NHRD Network, the national manpower supply and demand

forecast, and the NHRD support center.

The NHRD Basic Law was passed by National Assembly of Korea in 2002. The basic act comprises of 13 articles that describe the NHRD committee, the basic plan and the implemented plan, the evaluation and investment analysis of the plans, and HRD support center and NHRD network. After then, according to the revision of the NHRD law in 2007, the NHRD Committee was expanded into a NHRD Council, and the Korean president became the chair of the Council. The evaluation method of NHRD policies changed self-from evaluation to a special evaluation, which forms the evaluation of the NHRD plans. These NHRD policies had been maintained until the regime of president Roh Mu-Hyun. However, in 2008, the NHRD basic act lost its real function for implementing the NHRD policy under the new regime of president Lee Myung-Bak. The function of the NHRD basic act still is not restored, and NHRD policy is operated separately by several ministries of the Korean government. Eventually, HR policy implementation, evaluation, and cooperation are no longer considered the role of the Ministry of Education and Human Resources Development.

The NHRD policy that was implemented during the two regimes of Kim Dae-Jung and Rho My-Hyun brought some positive results in policies regarding the cooperation between industry and educational institutions, the regional human resources development (RHRD), the human resource policy in the service sector, and the reorganization of knowledge management. However, NHRD policies revealed limitations in parts such as eliminating industrialized mindset, setting the clear scope of policies, capturing policies about labor market and health care and establishing global HR policies. Eventually, the operating system of NHRD policies in government organization was abolished by the regime of Lee Myung-Bak in 2008. After then, NHRD basic Act did not function as the device to pursue NHRD policies.

On the other hand, although the coordination function of NHRD policy faded away during the re-organization of government, the policy environments of the present and future value the importance of human resources more significantly. Especially, Korea has policy agendas that will be affected by mega-trends such as aging, polarizing, and globalizing. Most of these mega-trends are related to HR policies. Also, with the exception of NHRD basic law, there are 99 acts that focus on HR policy, and 75 acts about

qualification system with relation to HR policy. These acts are managed by several ministries in Korea. This means that the scope of NHRD policy is very broad. Likewise, although the importance of HR policy has been growing, HR policy was implemented by individual ministers before Lee Myung-Bak government.

<The current status and future HR policy>

The importance of HR policy is growing more and more as the Korean society is transitioning from industrialization age to knowledge-based economy age. We were able to divide the key elements of the future HR policy into four areas as following.

First, the most important problem is the form of formal education and learning evaluation. The learning society that will lead the creative economy is very important for the future HR policies in Korea. Social organizations like the learning group and the learning community upgrade individual competency as well as social competency by a spontaneous movement in the Korean society. On the other hand, the Korean society faces a low birthrate and aging society. Eventually, the population structure has been and will change into a structure in which the school-age population decreases, and the number of elderly people increases. This means that the demand for learning will shift from school age to elderly people. Thus, formal education institutions need to specialize their programs and particularly strengthen life-long learning programs or social education for adult learning.

Second, it is important to establish a delivery system that links interdependent policies such as education, employability, welfare, and social culture. This delivery system is related to workfare and learnfare. Workfare is a system that makes individuals realize welfare through the work. Learnfare refers to the situation in which people can get welfare and employment on the ground of learning. Thus, the relationship between learning, employability, and welfare is an important point of human resources policies. Eventually, the vision of human resource policies is to improve the quality of life through learning.

Third, another important aspect to consider in future human resources policy is to establish a system that manages national human resources based on competency or skill. The characteristic of the job and skill level (or qualification) will be insignificant in setting up the future HR policy. To manage competency or skill according to its level, the future HR policy

needs to reestablish the signal function like national competency standards (NCS) and qualification system.

Finally, it is also important to establish global brain network. Korean government should manage the inflow and outflow of human resources such as expatriates, overseas employment, and immigration and emigration of students. The global movement of human resources has increasing influence in Korea. Policies regarding multi-cultural family will become more important in future human resource policy.

<Expert's opinions on HR policy>

We arranged Expert's opinion based on the expert's discussion and the survey of 30 experts. Expert's opinion was summed by six types as following: First, the current NHRD Basic Act has to be implemented and be maintained for the HR policy. Second, policy goals and policy direction in the medium and long term is most important for the HR policy when policymaker make the HR basic plan. Third, the result of the survey about the detailed HR policy reveals the fact that human resources development in the frontier sector is most important. Fourth, in the survey, experts responded that the HR information like statistics, policy analysis, manpower projection, is important for the future HR policy. Fifth, experts suggested the education and training policy for the elderly people and the utilization of elderly people with the future HR policy to cope with aging society. Finally, to harmoniously pursue policies as above, the key is to establish the governance system for the coordination and synthesis of HR policies.

Thus, according to expert's opinion, it is most important to reestablish HR Basic Act for the future HR policy. Now, to rebuild the HR policy system rests on the will of Park Geun-Hye government.

<The strategies for the future HR policies>

Korea faces several challenges for the national development. These challenges are (1) setting up a new relationship between school and society, (2) implementing the system of social capital accumulation to raise and utilize the human resources, (3) eradicating the old human resource development, (4) creating social value through the new learning system, and (5) enforcing social competency based on knowledge or cultural community. Korean government has difficulties coping with these challenges. Such difficult

situations are caused by the following aspects: the broad scope of HR policy, the reestablishment of NHRD Basic Act, the separate coordination of HR policy in several ministries, and HR policy based on the future foresight. We suggested that future HR policies implement three strategies to overcome these challenges and difficulties.

All of first, the NHRD Basic Act should be renamed as HR Basic Act, and the NHRD basic Act should be reestablished following three points. First, the articles about the evaluation of HR policy (Article 8 and Article 9) should be eliminated in the new Act because this function was divested by Lee Myung-Bak government. Second, it is necessary to correct articles regarding HR basic plan, the center for HR policy, and the HR network in the new Act. Third, new articles should be added regarding the analysis function of HR policy, the system for national skill forecasting, the global HR policy, and regional human resource policy. The implementation of the new HR basic act will restart the HR policy in Korea.

Next, the operating system of the future HR policy should be reestablished by appointing HR committee and rebuilding the organization in the Ministry of Education. HR committee is a consultative body of ministries that administer the social policy and the HR policy. This committee can synthesize and coordinate all of the social policies that contains the HR policy. Also, we suggest that Ministry of Education designate a department or a section for administering future HR policy. This new organization will deal with policies such as life-long learning, the analysis and synthesis of HR policy, the global HR policy, and the information about HR policy. Also, the Ministry of Education could set up a center dedicated to HR policy, which would have a significant role in supporting HR policy.

Finally, we suggest establishing a think-tank organization to analyze HR policy, which will also serve as the main center for HRD policy. This center will collect data and information related to HR policy. Also, this center could set up HR network composed of experts in HR research. The role of HR network is to make agendas about HR policy through the discussion of experts. The center will play an important role in creating and propagating information related to HR policy. The purpose of this study is to reset the basic law and the operating system for HR (human resources) policy in Korea. To fulfill this purpose, we reviewed the actual condition and the performance of the NHRD policy that was pursued by Ministry of Education

and Human Resource Development from 2000 to 2007. At the same time, we examined new agendas of the human resources policy in relation to the change of the environment in the future. And, based upon past experience and new agendas, we extracted the key elements to reestablish the new system of human resource policy on the ground of experts' opinions. The main contents of this report are composed of four chapters: the experience and performance of HR policy, current status and future of human resource policy, expert's opinions on HR policy, and strategies of resetting human resources policy system.